

**TOWNSHIP OF WINSOR
HURON COUNTY, MICHIGAN**

**FINANCIAL REPORT
MARCH 31, 2007**

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Township of Winsor	County Huron
Fiscal Year End 03/31/07	Opinion Date 07/02/07	Date Audit Report Submitted to State 07/20/07	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

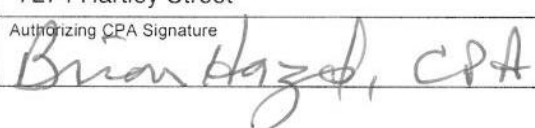
YES
NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☒ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input type="checkbox"/>	No letter of comments required	
Other (Describe)	<input type="checkbox"/>	No Single Audit Reports required	
Certified Public Accountant (Firm Name) Nietzke & Faupel, PC		Telephone Number 989-453-3122	
Street Address 7274 Hartley Street		City Pigeon	State MI
Zip 48755			
Authorizing CPA Signature 	Printed Name Brian Hazard	License Number 1101014007	

TOWNSHIP OF WINSOR

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INDEPENDENT AUDITOR'S REPORT

Honorable Township Board Members
Township of Winsor
Huron County, Michigan

We have audited the accompanying financial statements of the governmental activities and each major fund of the Township of Winsor, Huron County, Michigan, as of and for the year ended March 31, 2007, which collectively comprise the Township of Winsor's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Winsor's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Township of Winsor, Huron County, Michigan, as of March 31, 2007, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and other required supplementary information on pages iii through vi and 16 through 22 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

(Continued)

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Independent Auditor's Report (Continued)

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Winsor's basic financial statements. The supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Nietzke & Faupel, P.C.

NIETZKE & FAUPEL, P.C.
PIGEON, MICHIGAN

July 2, 2007

Our discussion and analysis of Winsor Township's financial performance provides an overview of the Township's financial activities for the fiscal year ended March 31, 2007. Please read it in conjunction with the Township's financial statements.

Financial Highlights

The following points represent the most significant financial highlights for the year ended March 31, 2007. These points are discussed in further detail in this discussion and analysis.

- The Fund balance in the general fund increased from \$98,389 to \$126,362 during the past year. The increase of \$27,973 is due primarily from two areas: increase in property tax revenue and the decrease in operating expenses.

Using This Annual Report

This annual report consists of a series of financial statements. The statement of net assets and the statement of activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing government services.

The fund financial statements present a short-term view. They tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements by providing information about the Township's most significant funds.

The Township as a Whole

The following table shows a condensed view of the net assets as of March 31,:

	2007	2006
Current assets	\$ 346,211	\$ 208,207
Restricted assets	60,445	60,445
Capital assets	<u>732,881</u>	<u>786,534</u>
Total assets	<u>\$ 1,139,537</u>	<u>\$ 1,055,186</u>
Current liabilities	\$ 43,889	\$ 15,658
Noncurrent liabilities	<u>217,689</u>	<u>287,104</u>
Total liabilities	<u>\$ 261,578</u>	<u>\$ 302,762</u>
Net assets:		
Invested in capital assets, net of related debt	\$ 479,433	\$ 499,430
Restricted	60,445	60,445
Unrestricted	<u>338,081</u>	<u>192,549</u>
Total net assets	<u>\$ 877,959</u>	<u>\$ 752,424</u>

Unrestricted net assets for governmental activities, the part of net assets that can be used to finance day-to-day operations, ended the fiscal year with a balance of \$338,081 and \$192,549. This is approximately 39% and 26% of the total net assets for governmental activities.

The following table shows the changes of the net assets during the year ended March 31,

	<u>2007</u>	<u>2006</u>
Net assets-beginning of year	\$ 752,424	\$ 586,599
Revenue		
Charges for services	29,540	28,198
Property taxes	441,800	422,076
State shared revenues	59,787	60,417
Unrestricted Investment earnings	7,611	5,418
Miscellaneous	5,016	13,724
Grant	<u>11,592</u>	<u>80,988</u>
Total revenues	<u>555,346</u>	<u>610,821</u>
Expenses		
General government	94,586	97,023
Public safety	137,179	122,275
Highways and streets	159,190	202,415
Culture and recreation	750	750
Cemetery	17,245	12,705
Interest on long-term debt	17,944	6,912
Unallocated depreciation	<u>2,917</u>	<u>2,916</u>
Total expenses	<u>429,811</u>	<u>444,996</u>
Change in net assets	<u>125,535</u>	<u>165,825</u>
Net assets - ending	<u>\$ 877,959</u>	<u>\$ 752,424</u>

Capital asset and Debt Administration

As of March 31, 2007, Winsor Township had a total of approximately \$732,881 (net of depreciation) invested in capital assets including land, buildings and equipment. Capital assets decreased from \$786,534 to \$732,881 (net of depreciation) during the year.

Debt service totaled \$51,600 (\$33,656 principal and \$17,944 interest) in the past year on long-term debt with a remaining outstanding balance of \$253,448.

Economic Factors and Next Year's Budgets and Rates

The Township completed the re-paving project of local roads during the past year. With no major road construction projects scheduled for the upcoming year, we plan on replenishing our fund balances for upcoming road construction projects.

Contacting the Township's Management

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. Questions about this report or requests for additional information should be addressed to John Walsh, Township clerk, 89 S. Main Street, Pigeon, MI 48755.

BASIC FINANCIAL STATEMENTS

TOWNSHIP OF WINSOR

STATEMENT OF NET ASSETS

MARCH 31, 2007

<u>ASSETS</u>	GOVERNMENTAL <u>ACTIVITIES</u>
Cash on hand and in bank	\$ 312,403
Receivables:	
Taxes	18,423
Interest	731
Prepaid expenses	14,654
Cash - restricted	60,445
Capital assets:	
Land and building	462,215
Equipment	721,069
Less: Accumulated depreciation	(450,403)
TOTAL ASSETS	<hr/> 1,139,537 <hr/>
<u>LIABILITIES</u>	
Accounts and payroll withholdings payable	8,130
Note payable - fire truck	253,448
TOTAL LIABILITIES	<hr/> 261,578 <hr/>
<u>NET ASSETS</u>	
Invested in capital assets, net of related debt	479,433
Restricted for:	
Perpetual care	60,445
Unrestricted	338,081
TOTAL NET ASSETS	<hr/> \$ 877,959 <hr/>

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF WINSOR

**STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2007**

		PROGRAM REVENUES			NET (EXPENSE) REVENUES & CHANGES IN NET ASSETS GOVERNMENTAL ACTIVITIES
	<u>EXPENSES</u>	<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>CAPITAL GRANTS AND CONTRIBUTIONS</u>	
<u>Governmental Activities</u>					
General government	\$ 94,586				\$ (94,586)
Public safety	137,179	\$ 19,065		\$ 11,592	(106,522)
Highways and streets	159,190				(159,190)
Culture and recreation	750				(750)
Cemetery	17,245	10,475			(6,770)
Interest on long - term debt	17,944				(17,944)
Unallocated depreciation	2,917				(2,917)
Total Governmental Activities	<u>\$ 429,811</u>	<u>\$ 29,540</u>	<u>\$ -</u>	<u>\$ 11,592</u>	<u>(388,679)</u>
General Revenue:					
					441,800
					59,787
					7,611
					5,016
					<u>514,214</u>
					<u>125,535</u>
					752,424
					<u>\$ 877,959</u>

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF WINSOR

BALANCE SHEET - GOVERNMENTAL FUNDS

MARCH 31, 2007

			ROAD	DEBT	TOTAL
	<u>GENERAL</u>	<u>CEMETERY</u>	<u>CONSTRUCTION</u>	<u>SERVICE</u>	<u>GOVERNMENTAL FUNDS</u>
<u>ASSETS</u>					
Cash on hand and in bank	\$ 312,403	\$ 60,445			\$ 372,848
Receivables:					
Taxes	18,423				18,423
Due from other fund		4,731	\$ 160,953	\$ 45,304	210,988
Interest		731			731
Prepaid expenses	14,654				14,654
TOTAL ASSETS	<u>\$ 345,480</u>	<u>\$ 65,907</u>	<u>\$ 160,953</u>	<u>\$ 45,304</u>	<u>\$ 617,644</u>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>LIABILITIES:</u>					
Accounts and payroll withholdings payable	\$ 8,130				\$ 8,130
Due to other funds	210,988				210,988
TOTAL LIABILITIES	<u>219,118</u>				<u>219,118</u>
<u>FUND BALANCES:</u>					
Reserved for perpetual care		\$ 60,445			60,445
Unreserved	126,362	5,462	\$ 160,953	\$ 45,304	338,081
TOTAL FUND BALANCES	<u>126,362</u>	<u>65,907</u>	<u>160,953</u>	<u>45,304</u>	<u>398,526</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 345,480</u>	<u>\$ 65,907</u>	<u>\$ 160,953</u>	<u>\$ 45,304</u>	<u>\$ 617,644</u>

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF WINSOR

**RECONCILIATION OF GOVERNMENTAL FUND BALANCES
TO GOVERNMENTAL ACTIVITIES NET ASSETS
MARCH 31, 2007**

Total governmental fund balances	\$ 398,526
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Amounts reported for governmental activities in the statement of net assets
are different because:

Capital assets used in governmental activities are not financial resources
and therefore, are not reported in the funds. The cost of the assets is
\$1,183,284 less the accumulated depreciation of \$450,403 and net of
related debt of \$253,448

479,433

Net assets - governmental activities

<u><u>\$ 877,959</u></u>

TOWNSHIP OF WINSOR

STATEMENTS OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

YEAR ENDED MARCH 31, 2007

	<u>GENERAL</u>	<u>CEMETERY</u>	<u>ROAD CONSTRUCTION</u>	<u>DEBT SERVICE</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUE:					
Taxes	\$ 119,902		\$ 265,097	\$ 56,801	\$ 441,800
Licenses and permits	50				50
Intergovernmental revenues	59,787				59,787
Charges for services	19,065	\$ 10,475			29,540
Investment income	3,011	4,600			7,611
Other	2,271	2,695			4,966
Grant	11,592				11,592
TOTAL REVENUE	<u>215,678</u>	<u>17,770</u>	<u>265,097</u>	<u>56,801</u>	<u>555,346</u>
EXPENDITURES:					
General government	94,586				94,586
Public safety	74,851				74,851
Highways and streets	5,926		153,264		159,190
Culture and recreation	750				750
Capital outlay	11,592				11,592
Principal and interest				51,600	51,600
Cemetery		17,245			17,245
TOTAL EXPENDITURES	<u>187,705</u>	<u>17,245</u>	<u>153,264</u>	<u>51,600</u>	<u>409,814</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>27,973</u>	<u>525</u>	<u>111,833</u>	<u>5,201</u>	<u>145,532</u>
FUND BALANCE - APRIL 1	98,389	4,937	49,120	40,103	192,549
FUND BALANCE - MARCH 31	<u>\$ 126,362</u>	<u>\$ 5,462</u>	<u>\$ 160,953</u>	<u>\$ 45,304</u>	<u>\$ 338,081</u>

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF WINSOR

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2007**

Net change in fund balance - governmental funds	\$ 145,532
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Amounts reported for governmental activities in the statement of activities
are different because:

Governmental funds report capital outlays as expenditures. However, in the
Statement of Activities, assets with an initial, individual cost of more than
\$500 are capitalized and the cost is allocated over their estimated useful
lives and reported as depreciation expense. This is the amount by which
depreciation exceeded capital outlays in the current period.

Capital outlays	\$ 11,592	
Depreciation expense	(65,245)	(53,653)
Repayment of principal of debt is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)		33,656

Change in net assets of governmental activities	<u>\$ 125,535</u>
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TOWNSHIP OF WINSOR
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Description of Township Operations:

The Township is located in Huron County, Michigan, and has approximately 2,044 residents. It is governed by a five person elected board and provides the following services to its residents: fire protection, highways and streets, cemetery services and general administrative services.

The Township's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The accounting policies of the Township conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The more significant accounting policies established in GAAP and used by the Township are discussed below.

In June 1999, GASB unanimously approved Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Certain of the significant changes in the Statement include the following:

- The financial statements include:
 - A Management Discussion and Analysis (MD&A) section providing an analysis of the Township's overall financial position and results of operations.
 - Financial statements prepared using full accrual accounting for all of the Township's activities.
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to the financial statements).

Reporting Entity:

In evaluating how to define the Township for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in the related GASB 14 pronouncement. The basic – but not the only – criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Township is able to exercise oversight responsibilities. Based upon the application of these criteria, there are no organizations that are deemed to be component units of the Township.

TOWNSHIP OF WINSOR
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Government Wide and Fund Financial Statements:

The Township's basic financial statements include both government-wide (reporting the Township as a whole) and fund financial statements (reporting the Township's major funds). Both the government-wide and fund financial statements categorize primary activities as governmental type. The Township's general administrative services, public safety, highways and public improvements and cemetery, are classified as governmental activities.

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Township. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those which are clearly identifiable with specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they become available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The use of financial resources to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term debt of the Township are reported as a reduction of the related liability, rather than an expenditure in the government-wide financial statements.

TOWNSHIP OF WINSOR
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation:
(Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt-service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

State revenue sharing, charges for services, and earned but unreimbursed state and federal grants associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Property taxes are measurable as of the date levied (assessed) and are recognized as revenues when they become available. Available means when due, or past due, and received within the current period or collected soon enough thereafter (within 60 days) to be used to pay liabilities of the current period. All other revenues are considered to be measurable and available only when cash is received by the Township.

The accounts of the Township are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund balance, revenues, and expenditures or expenses as appropriate.

The Township reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds – Special Revenue Funds account for resources legally restricted to expenditures for specified current operating purposes and for the enforcement of special services and activities. Accounting and financial reporting for General and Special Revenue Funds are identical. The Township accounts for the Cemetery and Road Construction in special revenue funds.

Debt Service Fund - Debt Service Fund accounts for the servicing of long-term debt of the Township. Sources of funds for the servicing of the debt include property taxes restricted for debt service.

TOWNSHIP OF WINSOR
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation:
(Continued)

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted resources as they are needed.

Receivables and Payables:

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans or "advances to/from other funds"). All other outstanding balances between funds are reported as "due to/from other funds."

Other receivables at March 31, 2007 consist of property taxes and interest. Taxes are deemed collectible in full.

Property Taxes:

Properties are assessed as of December 31, and the related property taxes become a lien on December 1, of the following year. These taxes are due on February 14, with the final collection date of February 28, before they are added to the county tax rolls.

The delinquent real property taxes of the Township are purchased by the County of Huron. The County sells tax notes, the proceeds of which are used to pay the Township for these property taxes. These taxes have been recorded as revenue for the current year.

Capital Assets:

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that does not add to the value of an asset or materially extend its life is not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed.

TOWNSHIP OF WINSOR

NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Capital Assets: (Continued)

Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	25 to 50
Machinery and equipment	5 to 20
Improvements other than buildings	20

Depreciation of capital assets used by governmental funds is charged as an expense against their operations on the Statement of Activities. Accumulated depreciation is reported on the Statement of Net Assets. Depreciation expense for the year ended March 31, 2007 was \$65,245. Capital asset acquisitions in the governmental funds totaled \$11,592 for the year ended March 31, 2007. A summary of Governmental Fund capital assets at March 31, 2007, follows:

	March 31,	
	<u>2007</u>	<u>2006</u>
Land (Non depreciated)	\$ 32,510	\$ 32,510
Buildings	429,705	429,705
Equipment	721,069	709,477
Less accumulated depreciation	(450,403)	(385,158)
NET GOVERNMENTAL FUND CAPITAL ASSETS	<u>\$732,881</u>	<u>\$786,534</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
Public Safety	\$ 62,328
Unallocated	<u>2,917</u>
Total depreciation expense – governmental activities	\$ <u>65,245</u>

Use of Estimates:

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures/expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

TOWNSHIP OF WINSOR
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Interfund Receivables and Payables:

At March 31, 2007, the balance of interfund receivables and payables was as follows:

	<u>Receivable</u>	<u>Payable</u>
General Fund		\$210,988
Cemetery Fund	\$ 4,731	
Road Fund	160,953	
Debt Retirement	45,304	
Total	<u>\$210,988</u>	<u>\$210,988</u>

NOTE 2 - PENSION PLAN:

During the year ended March 31, 2000, the township adopted a Money Purchase Pension Plan covering all employees, that are age 18, from date of hire. The township contributes 6% of W-2 wages with 100% immediate vesting. Participants in the previous plan rolled over their account balances to the new plan. For the year ended March 31, 2007, total wages and covered wages were \$93,067. Township contributions were \$5,541 and employee contributions were zero. The plan has fully vested assets of \$73,337 at March 31, 2007.

NOTE 3 – BUDGET COMPLIANCE:

In the required supplemental information, the Township's actual expenditures and budgeted expenditures, as amended, for budgetary funds have been shown on a functional basis. The approved budgets of the Township for these budgetary funds were adopted to the line item level.

P.A. 2 of 1968, Section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amounts appropriated. Actual expenditures exceeded budgeted expenditures in the following budgetary funds.

	<u>TOTAL APPROPRIATION</u>	<u>AMOUNT OF EXPENDITURES</u>	<u>BUDGET VARIANCE</u>
General Fund:			
Elections	\$ 2,700	\$ 3,174	\$ (474)
Zoning and Board of review	900	1,721	(821)
Treasurer	22,793	23,249	(456)
Cemetery Fund	11,945	17,245	(5,300)

TOWNSHIP OF WINSOR
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2007

NOTE 4 – DETAIL NOTES ON ALL FUNDS:

A. As of March 31, 2007, the Township has a carrying amount of \$372,848 of deposits (cash and deposits) in local banks and the bank balance was \$379,639. Of the bank balance, \$160,445 was covered by the Federal Deposit Insurance Corporation and \$219,194 remained uninsured and uncollateralized. Since the Township's deposits are insured these deposits are not subject to credit risk, custodial credit risk, concentration of credit risk, interest rate risk, or foreign currency risk.

Michigan Compiled Laws Section 129.91 authorizes the Township to deposit and invest in the accounts of federally insured banks, credit unions and savings and loan associations; bonds, securities and other obligations of the United States, or an agency or instrumentality of the United States in which the principal and interest is fully guaranteed by the United States, including securities issued or guaranteed by the Government National Mortgage Association; United States government or federal agency obligation repurchase agreements; bankers' acceptance of United States banks; mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan; and commercial paper rated by two standard rating agencies within the three highest classifications, which mature not more than 270 days after the date of purchase, and which involves no more than 50 percent of any one fund. Attorney General's Opinion Number 6168 states that public funds may not be deposited in financial institutions located in states other than Michigan. The Township's deposits are in accordance with statutory authority.

B. Property taxes are levied based on the taxable value of property located in the Township. Assessed value is established annually and equalized by the State at an estimated 50% of current market value. A comparison of the assessed and taxable property values for the 2006 tax levy is as follows:

	<u>ASSESSED VALUE</u>	<u>TAXABLE VALUE</u>
Real and personal property	\$84,518,900	\$72,640,851
Industrial facilities	<u>6,215,600</u>	<u>6,215,600</u>
TOTAL	<u>\$90,734,500</u>	<u>\$78,856,451</u>

The Township, as a general law Township, is not authorized to levy taxes without a vote. The Huron County Tax Allocation Board in 1960, allocated up to 1.30 mills per \$1,000 of taxable value for general law townships for general operations. For the year ended March 31, 2007, the Township levied 1.2154 mills for general governmental services, 3.5000 mills for roads, and .7500 mills for fire. Total millage levied was 5.4654.

C. Risk Management:

Winsor Township purchased commercial insurance coverage for all general liability coverage, and the Township also purchased commercial insurance coverage for losses related to worker's compensation claims. For the year ended March 31, 2007, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the year or the three prior years.

TOWNSHIP OF WINSOR
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2007

NOTE 5 – LONG-TERM DEBT:

The Township fire department purchased a new fire truck. The purchase was financed by a loan of \$331,792 which was obtained from a commercial bank. Information regarding the interest rate and repayment terms follows. The debt will be repaid by a special .75 mill tax levy that expires in 2014.

The following is a summary of the debt of the Township outstanding as of March 31, 2007.

	Number of Issues	Interest Rate	Maturing Through	Principal Outstanding
Fire Equipment	1	6.25%	2014	\$253,448

The following is a summary of debt transactions of the Township for the year ended March 31, 2007:

Fire Equipment

Note:

Payable April 1, 2006	\$ 287,104
Retired	<u>(33,656)</u>
Payable March 31, 2007	<u>\$ 253,448</u>

Maturities for the Note Payable

Note Payable

Fiscal Year Ending

Fire Equipment

March 31,

Principal

Interest

2008	\$ 35,759	\$ 15,841
2009	37,994	13,606
2010	40,369	11,231
2011	42,892	8,708
2012	45,573	6,027
2013	48,422	3,178
2014	<u>2,439</u>	<u>152</u>
	<u>\$253,448</u>	<u>\$58,743</u>

Total interest expense for the Township for the year ended March 31, 2007 was \$17,944.

REQUIRED SUPPLEMENTAL INFORMATION

TOWNSHIP OF WINSOR

**GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2007**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET - FAVORABLE (UNFAVORABLE)</u>
TAXES:				
Taxes	\$ 85,000	\$ 85,000	\$ 96,585	\$ 11,585
Administration fees	23,500	23,500	23,317	(183)
TOTAL TAXES	<u>108,500</u>	<u>108,500</u>	<u>119,902</u>	<u>11,402</u>
LICENSES AND PERMITS	<u>-</u>	<u>-</u>	<u>50</u>	<u>50</u>
INTERGOVERNMENTAL:				
State revenue sharing	61,000	61,000	59,787	(1,213)
TOTAL INTERGOVERNMENTAL	<u>61,000</u>	<u>61,000</u>	<u>59,787</u>	<u>(1,213)</u>
CHARGES FOR SERVICES	<u>18,000</u>	<u>18,000</u>	<u>19,065</u>	<u>1,065</u>
INTEREST	<u>500</u>	<u>500</u>	<u>3,011</u>	<u>2,511</u>
OTHER REVENUE	<u>13,900</u>	<u>13,900</u>	<u>13,863</u>	<u>(37)</u>
TOTAL REVENUES	<u>201,900</u>	<u>201,900</u>	<u>215,678</u>	<u>13,778</u>
EXPENDITURES:				
General Government				
Elected Officials				
Salaries	4,750	4,750	3,828	922
Payroll taxes	360	360	293	67
Retirement	300	300	220	80
Total Elected officials	<u>5,410</u>	<u>5,410</u>	<u>4,341</u>	<u>1,069</u>
Supervisor				
Supervisor salary	7,680	7,680	7,680	-
Assessor	14,000	14,000	14,000	-
Payroll taxes	1,800	1,800	1,659	141
Travel and seminar	2,000	2,000	452	1,548
Retirement	1,120	1,120	790	330
Other	1,000	1,000	930	70
Total Supervisor	<u>27,600</u>	<u>27,600</u>	<u>25,511</u>	<u>2,089</u>
Elections				
Salaries	2,000	2,000	2,552	(552)
Supplies and expense	700	700	622	78
Total Elections	<u>2,700</u>	<u>2,700</u>	<u>3,174</u>	<u>(474)</u>

(Continued)

TOWNSHIP OF WINSOR

**GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2007**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET - FAVORABLE (UNFAVORABLE)</u>
EXPENDITURES (Continued)				
Clerk				
Salary	12,630	12,630	12,630	-
Payroll taxes	970	970	966	4
Dues	1,220	1,220	1,219	1
Insurance and bonds	7,250	7,250	7,583	(333)
Office supplies and expense	800	800	493	307
Postage	300	300	281	19
Printing and publishing	1,200	1,200	1,190	10
Professional fees - audit	1,700	1,700	1,700	-
Pension plan fees	1,200	1,200	1,137	63
Retirement	760	760	821	(61)
Telephone	700	700	719	(19)
Travel & seminar	250	250	231	19
Utilities & maintenance - Hall	10,000	10,000	7,620	2,380
Total Clerk	<u>38,980</u>	<u>38,980</u>	<u>36,590</u>	<u>2,390</u>
Treasurer				
Salary	14,433	14,433	14,433	-
Payroll taxes	1,110	1,110	1,104	6
Retirement	1,000	1,000	1,317	(317)
Postage and supplies	1,200	1,200	2,123	(923)
Tax roll preparation	4,100	4,100	3,939	161
Travel & seminar	950	950	333	617
Total Treasurer	<u>22,793</u>	<u>22,793</u>	<u>23,249</u>	<u>(456)</u>
Zoning and Board of Review				
Salaries	700	700	1,528	(828)
Supplies and other	200	200	193	7
Total Zoning and Board of Review	<u>900</u>	<u>900</u>	<u>1,721</u>	<u>(821)</u>
TOTAL GENERAL GOVERNMENT	<u>98,383</u>	<u>98,383</u>	<u>94,586</u>	<u>3,797</u>
Public Safety:				
Fire Department				
Salaries	40,000	40,000	32,672	7,328
Payroll taxes	3,100	3,100	2,437	663
Retirement	2,400	2,400	2,216	184
Dues and other expenses	1,300	1,300	768	532
Fire Hall expense	4,500	4,500	4,855	(355)

(Continued)

TOWNSHIP OF WINSOR

**GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2007**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET - FAVORABLE (UNFAVORABLE)</u>
Public Safety (Continued)				
Insurance	14,000	14,000	15,963	(1,963)
Gas and oil	1,000	1,000	924	76
Maintenance - Equipment	4,000	4,000	3,888	112
Maintenance - Vehicles	3,000	3,000	4,289	(1,289)
Telephone - Alarm	700	700	707	(7)
Total Fire Department	<u>74,000</u>	<u>74,000</u>	<u>68,719</u>	<u>5,281</u>
Ambulance Subsidy	6,300	6,300	6,132	168
Total Public Safety	<u>80,300</u>	<u>80,300</u>	<u>74,851</u>	<u>5,449</u>
Highways and Streets				
Road maintenance	6,000	6,000	5,926	74
Culture and Recreation				
Library and Historical Society	750	750	750	-
Capital Outlay				
Equipment	11,600	11,600	11,592	8
TOTAL EXPENDITURES	<u>197,033</u>	<u>197,033</u>	<u>187,705</u>	<u>9,328</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>4,867</u>	<u>4,867</u>	<u>27,973</u>	<u>23,106</u>
FUND BALANCE - APRIL 1, 2006	98,389	98,389	98,389	
FUND BALANCE - MARCH 31, 2007	<u>\$ 103,256</u>	<u>\$ 103,256</u>	<u>\$ 126,362</u>	<u>\$ 23,106</u>

TOWNSHIP OF WINSOR

CEMETERY FUND

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES

BUDGET AND ACTUAL

YEAR ENDED MARCH 31, 2007

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
REVENUE:				
Charges for services	\$ 7,500	\$ 7,500	\$10,475	\$ 2,975
Investment income	2,000	2,000	4,600	2,600
Other	1,750	1,750	2,695	945
TOTAL REVENUE	<u>11,250</u>	<u>11,250</u>	<u>17,770</u>	<u>6,520</u>
EXPENDITURES:				
General government	11,945	11,945	17,245	(5,300)
TOTAL EXPENDITURES	<u>11,945</u>	<u>11,945</u>	<u>17,245</u>	<u>(5,300)</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>(695)</u>	<u>(695)</u>	<u>525</u>	<u>1,220</u>
FUND BALANCE - APRIL 1, 2006	4,937	4,937	4,937	
FUND BALANCE - MARCH 31, 2007	<u>\$ 4,242</u>	<u>\$ 4,242</u>	<u>\$ 5,462</u>	<u>\$ 1,220</u>

TOWNSHIP OF WINSOR
ROAD CONSTRUCTION FUND
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2007

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)</u>
REVENUE:				
Taxes	\$ 244,000	\$244,000	\$265,097	\$ 21,097
TOTAL REVENUE	<u>244,000</u>	<u>244,000</u>	<u>265,097</u>	<u>21,097</u>
EXPENDITURES:				
Road construction	218,000	218,000	153,264	64,736
TOTAL EXPENDITURES	<u>218,000</u>	<u>218,000</u>	<u>153,264</u>	<u>64,736</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>26,000</u>	<u>26,000</u>	<u>111,833</u>	<u>85,833</u>
FUND BALANCE - APRIL 1, 2006	49,120	49,120	49,120	
FUND BALANCE - MARCH 31, 2007	<u>\$ 75,120</u>	<u>\$ 75,120</u>	<u>\$160,953</u>	<u>\$ 85,833</u>

TOWNSHIP OF WINSOR
DEBT SERVICE FUND
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2007

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
REVENUE:				
Taxes	\$ 51,600	\$ 51,600	\$ 56,801	\$ 5,201
TOTAL REVENUE	<u>51,600</u>	<u>51,600</u>	<u>56,801</u>	<u>5,201</u>
EXPENDITURES:				
Bond principal payments	33,656	33,656	33,656	-
Interest and paying agent fees	17,944	17,944	17,944	-
TOTAL EXPENDITURES	<u>51,600</u>	<u>51,600</u>	<u>51,600</u>	<u>-</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>5,201</u>	<u>5,201</u>
FUND BALANCE - APRIL 1, 2006	40,103	40,103	40,103	
FUND BALANCE - MARCH 31, 2007	<u>\$ 40,103</u>	<u>\$ 40,103</u>	<u>\$ 45,304</u>	<u>\$ 5,201</u>

SUPPLEMENTAL INFORMATION

TOWNSHIP OF WINSOR

**TAX COLLECTION AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
YEAR ENDED MARCH 31, 2007**

<u>ASSETS</u>	BALANCE APRIL 1, 2006	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	BALANCE MARCH 31, 2007
Cash in bank	\$ 1,412	\$2,357,113	\$ 2,356,072	\$ 2,453
TOTAL ASSETS	<u>\$ 1,412</u>	<u>\$2,357,113</u>	<u>\$ 2,356,072</u>	<u>\$ 2,453</u>
 <u>LIABILITIES</u>				
Due to Huron County	\$ -	\$ 920,926	\$ 920,926	\$ -
Due to schools	-	908,020	908,020	-
Due to library	-	72,368	72,368	-
Due to other funds	-	454,758	454,758	-
TOTAL LIABILITIES	<u>\$ -</u>	<u>\$2,356,072</u>	<u>\$ 2,356,072</u>	<u>\$ -</u>

TOWNSHIP OF WINSOR

**TAX COLLECTION AGENCY FUND
SCHEDULE OF ADDITIONS AND DEDUCTIONS
YEAR ENDED MARCH 31, 2007**

ADDITIONS:

Current property tax	\$ 2,337,649
County revolving fund	18,423
Interest	1,041

TOTAL ADDITIONS

2,357,113

DEDUCTIONS:

Huron County	462,053
Huron County - SET	458,873
Huron Intermediate School District	343,663
EPBP Laker School	564,357
Pigeon District Library	72,368
Township allocated	92,052
Township roads	265,096
Township fire Hall	56,800
Drains at large	40,810

TOTAL DEDUCTIONS

2,356,072

NET ADDITIONS OVER DEDUCTIONS

\$ 1,041